

*Investment Committee Meeting*

*Held at the Office of the Policemen's Annuity and Benefit Fund of Chicago (the Fund)*

*Held on July 22, 2019*

Presiding: Trustee and Investment Committee Chair: Mr. Thomas Beyna

Present: Trustees: Ms. Melissa Conyears-Ervin, Ms. Carol Hamburger, Mr. Michael Lappe, Mr. Edward Wodnicki, and Mr. Brian Wright

Trustee Present Later: Ms. Jennie Huang Bennett

Not Present: Trustees: Ms. Susie Park

Trustee Staff: Mr. Tariq Malhance and Mauricio Banuelos of the City Treasurer's Office, Mr. Marty Johnson of the Chief Financial Officer's Office, and Mr. Connor Brashear of the Mayor's Office.

Fund Office: Ms. Erin Keane, Executive Director, Ms. Caroline Vullmahn, Comptroller, Mr. Kenneth Kaczmarz, Interim Executive Director

NEPC, LLC: Mr. Kevin Leonard, Partner, Ms. Kristen Finney-Cooke, Senior Consultant, and Ms. DeAnna Jones, Senior Consultant Specialist

Others: Ms. Rosemarie Giambalvo, Annuitant Member, Mr. Gary Oprondek, Annuitant Member, Mr. Michael DiStasio, MAD Wealth, Mr. Jason Parks, Loop Capital, and Ai Grace

President Beyna called the meeting to order at approximately 9:00 a.m.

**I. Cash Flow Update**

Ms. Caroline Vullmahn, Comptroller of the Policemen's Annuity and Benefit Fund of Chicago (PABF or the Fund), began her presentation regarding the Fund's cash flow. Ms. Vullmahn provided the Committee members a PABF Cash Flow worksheet which was distributed and shows the Fund's cash balances, outstanding capital calls of approximately \$3.7 million, expected benefit payments, other expenses for the month, and the resulting expected cash on hand as of July 31, 2019. Ms. Vullmahn indicated that at the end of the month, the cash balance is anticipated to be approximately \$64.5 million.

Ms. Vullmahn explained the details pertaining to the Tax Receipt Collections information provided on the Cash flow worksheet. Ms. Vullmahn mentioned that PABF started receiving the real estate taxes receipts for the August 1<sup>st</sup> 2019 deadline, to which will be used to fund future benefit payments.

**II. TNT Performance Flash at June 30, 2019 (unaudited)**

Mr. Kevin Leonard from NEPC reviewed the unaudited Performance Flash at June 30, 2019 provided by the Fund's Custodian Bank, The Northern Trust Bank (TNT). The report indicates that the total Fund returned 3.4% for the month of June 2019 and 10.3% year to date. Domestic equities were the strongest component of the Portfolio returning 18.4% year to date. Non US equities were strong at 16.05% for the same period.

**III. Fixed Income Core and Core Plus RFP**

As directed at the June 27, 2019 Board meeting, three managers in the Core Fixed Income category were selected to make presentations at the July 22, 2019 Investment Committee meeting. The firms selected in this category listed in the order of appearance and the representatives appearing on behalf of each firm were as follow:

**EARNEST Partners**

Paul Viera, CEO and Partner  
Chris Fitze, Partner

**Garcia Hamilton & Associates**

Gilbert Garcia, CFA, Managing Partner  
Stephanie Roberts, Partner

**Wells Fargo Asset Management (incumbent)**

Maulik Bhansali, CFA, Senior Portfolio Manager  
Julie Gerend, Managing Director  
Thomas Galfano, Client Relation Director

At the conclusion of the three **Core Fixed Income Presentations**, *a motion was made by Trustee Wright, seconded by Trustee Hamburger to go into Executive session as allowed by the Illinois Open Meetings Act Section 2 (c) (7) to discuss potential contracts.*

**ROLL CALL**

For: Beyna, Conyears- Ervin, Hamburger, Lappe, Wodnicki, and Wright (6)  
Against: None (0)  
Absent: Bennett, and Park (2)

At the conclusion of the Executive Session, *a motion was made Trustee Wright, seconded by Trustee Hamburger to come out of Executive Session.*

**ROLL CALL**

For: Beyna, Conyears-Ervin, Hamburger, Lappe, Wodnicki, and Wright (6)  
Against: None (0)  
Absent: Bennett, and Park (2)

Trustee Jennie Huang Bennett entered the meeting.

As directed at the June 27, 2019 Board meeting, four managers were selected to make presentations at the July 22, 2019 Investment Committee meeting in the Core Plus Fixed Income category. The firms selected in this category listed in the order of appearance and the representatives appearing on behalf of each firm were as follow:

**LM Capital Management (Incumbent)**

Luis Maizel, Co-Founder and Senior Managing Director  
Rachel Wilson, Portfolio Manager  
Peter Capotosto, Vice President Business Development

**National Investment Services (NIS)**

Barbara McCartin III, Principal/Managing Partner  
Barbara Schalla, CFA, Portfolio Manager  
Ray Caprio, Director, Institutional Sales

**Wellington Management (Incumbent)**

Campe Goodman, CFA, Fixed Income Portfolio Manager  
Greg Williams, Business Development Manager  
Michelle Hunter, CFA, Relationship Manager

**Western Asset Management**

Mark Lindbloom, Portfolio Manager  
Mark Friedrich, Client Service Executive

Trustee Hamburger left the meeting.

At the conclusion of the four **Core Plus Fixed Income Presentations**, *a motion was made by Trustee Wright, seconded by Trustee Lappe to go into Executive session as allowed by the Illinois Open Meetings Act Section 2 (c) (7) to discuss potential contracts.*

**ROLL CALL**

For: Bennett, Beyna, Conyears-Ervin, Lappe, Wodnicki, and Wright (6)  
Against: None (0)  
Absent: Hamburger, Park (2)

At the conclusion of the Executive Session, *a motion was made Trustee Wright, seconded by Trustee Wodnicki to come out of Executive Session.*

**ROLL CALL**

For: Bennett, Beyna, Conyears-Ervin, Lappe, Wodnicki, and Wright (6)  
Against: None (0)  
Absent: Hamburger, Park (2)

*A motion was then made by Trustee Wright, seconded by Trustee Lappe to hire EARNEST Partners and Garcia Hamilton & Associates in Core Fixed with the allocation recommended by NEPC.*

DeAnna Jones of NEPC recommended that the allocation for the two new accounts would come from the existing Wells account, the MacKay Shields account, and the balance from GAM proceeds after the Pluscios allocation, and ManuLife to provide a total allocation of \$100 million each to the new managers, subject to contract and fee negotiations.

**ROLL CALL**

For: Bennett, Beyna, Conyears-Ervin, Lappe, Wodnicki, and Wright (6)  
Against: None (0)  
Absent: Hamburger, Park (2)

*A motion was then made by Trustee Wright, seconded by Trustee Lappe to retain Wellington Management and to hire NIS, with the assets currently managed by LM Capital Management, subject to contract and fee negotiations.*

**ROLL CALL**

For: Bennett, Beyna, Conyears-Ervin, Lappe, Wodnicki, and Wright (6)  
Against: None (0)  
Absent: Hamburger, Park (2)

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*A motion was then made by Trustee Wright, seconded by Trustee Lappe to adjourn the meeting.*

ROLL CALL

For: Bennett, Beyna, Conyears-Ervin, Lappe, Wodnicki, and Wright (6)  
Against: None (0)  
Absent: Hamburger, and Park (2)

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Brian Wright', with a stylized flourish extending to the right.

Brian Wright  
Recording Secretary of the Board of Trustees  
Investment Committee Member